

Attachment 1:

Resolution No. _____ - “A resolution of the Oversight Board to the Successor Agency to the West Hollywood Community Development Commission, Authorizing the Successor Agency to Refund Certain Outstanding Tax Allocation Obligations Pursuant to Assembly Bills X1 26 and 1484”

RESOLUTION NO. __

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY TO THE WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION,
AUTHORIZING THE SUCCESSOR AGENCY TO REFUND
CERTAIN OUTSTANDING TAX ALLOCATION
OBLIGATIONS PURSUANT TO ASSEMBLY BILLS X1 26
AND 1484**

WHEREAS, pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the California Health and Safety Code and referred to herein as the “Law”), the City Council of the City of West Hollywood (the “City”) created the former West Hollywood Community Development Commission (the “Former RDA”); and

WHEREAS, the Former RDA was a redevelopment agency, a public body, corporate and politic duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Law, and the powers of such agency included the power to issue bonds, notes, certificates of participation, or other evidence of indebtedness for any of its corporate purposes; and

WHEREAS, California Assembly Bill No. 26 (First Extraordinary Session) (“AB X1 26”) enacted on June 29, 2011, dissolved all redevelopment agencies and community development agencies in existence in the State of California as of February 1, 2012, and designated “successor agencies” and “oversight boards” to satisfy “enforceable obligations” of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies; and

WHEREAS, Assembly Bill No. 1484 (“AB 1484”), a follow on bill to AB X1 26, was enacted on June 27, 2012 and provides a mechanism to refund outstanding bonds or other indebtedness under certain circumstances; and

WHEREAS, pursuant to California Health and Safety Code Section 34173(d), the City is the successor agency (as successor agency to the Former RDA, the “Agency”), confirmed by Resolution No. 11-4219 adopted by the City on September 19, 2011; and

WHEREAS, in 2003, the Former RDA issued and sold its \$11,500,000 aggregate principal amount of East Side Redevelopment Project, 2003 Tax Allocation Refunding Bonds (the “Series 2003 Bonds”), of which \$9,265,000 are outstanding, attributable to the Former RDA’s East Side Redevelopment Project, pursuant to an Indenture of Trust, dated as of September 1, 2003 (the “2003 Bonds Indenture”), between the Former RDA and BNY Western Trust Company (now known as The Bank of New York Mellon Trust Company, N.A.), as trustee (the “Agency Trustee”), and which Series 2003 Bonds maturing on or after September 1, 2014 are subject to optional redemption on any date, commencing on September 1, 2013, at a redemption price equal to the outstanding principal amount thereof, plus interest due thereon to the date fixed for redemption, without premium; and

WHEREAS, the Oversight Board is informed by the Agency that in 2011, on a parity with the Series 2003 Bonds, the Former RDA issued and sold its \$30,560,000 aggregate principal amount of East Side Redevelopment Project, 2011 Tax Allocation Bonds, Series A (Tax-Exempt, Non-Housing) (the “Series 2011A Bonds”), of which \$28,565,000 are outstanding, attributable to the Former RDA’s East Side Redevelopment Project, pursuant to a First Supplement to Indenture of Trust, dated as of March 1, 2011, between the Former RDA and the Agency Trustee, and which Series 2011A Bonds maturing on or after September 1, 2022 are subject to optional redemption on any date, commencing September 1, 2021, at a redemption price equal to the outstanding principal amount thereof, plus interest due thereon to the date fixed for redemption, without premium, and which Series 2011A Bonds are not being considered for refunding at this time; and

WHEREAS, the Oversight Board is informed by the Agency that in 2011, on a parity with the Series 2003 Bonds, the Former RDA issued and sold its \$9,420,000 aggregate principal amount of East Side Redevelopment Project, 2011 Tax Allocation Bonds, Series B (Federally Taxable, Housing) (the “Series 2011 Housing Bonds” and, together with the Series 2003 Bonds and the Series 2011A Bonds, the “Prior Bonds”), of which \$7,975,000 are outstanding, attributable to the Former RDA’s East Side Redevelopment Project, pursuant to a Second Supplement to Indenture of Trust, dated as of March 1, 2011, between the Former RDA and the Agency Trustee, and which Series 2011 Housing Bonds maturing on or after September 1, 2022 are subject to optional redemption on any date, commencing September 1, 2021, at a redemption price equal to the outstanding principal amount thereof, plus interest due thereon to the date fixed for redemption, without premium, and which Series 2011 Housing Bonds are not being considered for refunding at this time; and

WHEREAS, California Health and Safety Code Section 34177.5(a) authorizes successor agencies to refund outstanding bonds or other indebtedness to be refunded provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance; and

WHEREAS, the County of Los Angeles (the “County”), a political subdivision of the State of California and taxing entity recipient of property tax revenues, represented by voting membership on the Oversight Board, has developed a program (the “Refunding Program”) to assist successor agencies within the County to refund bonds or other indebtedness pursuant to AB 1484 in order to provide debt service savings to participating successor agencies within the County, efficiencies in issuance and cost of issuance savings; and

WHEREAS, the Refunding Program contemplates revenue bonds to be offered to the public in connection with the proposed refunding of all or a portion of the Series 2003 Bonds (together with outstanding bonds or other indebtedness of successor agencies other than the Agency) through the issuance by the County of Los Angeles Redevelopment Refunding Authority (the “Authority”), in one or more series, of its Tax Increment Revenue Refunding

Bonds, Series 2013, with such other name and series designation as shall be deemed appropriate (the “Authority Bonds”), pursuant to and under the terms of one or more trust agreements (each, a “Trust Agreement”), between the Authority and a corporate trustee bank to be designated by the Authority, as trustee (the “Authority Trustee”); and

WHEREAS, pursuant to California Health and Safety Code Section 34177.5(f), the Oversight Board has requested that the Agency prepare to issue refunding bonds, which refunding bonds may be sold to the Authority pursuant to the Marks-Roos Local Bond Pooling Act (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code) following a determination by the Agency to participate in the Refunding Program, to refund all or a portion of the Series 2003 Bonds; provided that this request shall not offer any assurance that Authority Bonds will be sold by the Authority under the Refunding Program to refund all or any portion of the Series 2003 Bonds; and

WHEREAS, the Oversight Board is informed by the Agency that it has determined to issue its Tax Allocation Refunding Bonds, Series 2013, in one or more series and with such other name and series designation as shall be deemed appropriate (the “Refunding Bonds”), for the purpose of (i) refunding all or a portion of the Series 2003 Bonds, (ii) paying the costs of issuing the Refunding Bonds and the Agency’s share (as determined by the Authority) of costs incident to the authorization, issuance and sale of Authority Bonds, (iii) funding a reserve account for the Refunding Bonds and (iv) if advisable, paying for the cost of municipal bond insurance and/or a surety to fund the reserve account for the Refunding Bonds in lieu of funding all or a portion of such reserve account with bond proceeds; and

WHEREAS, the Refunding Bonds will be issued pursuant to the 2003 Bonds Indenture, as previously supplemented and as further supplemented by a Third Supplement to Indenture (the “Third Supplement to Indenture”), by and between the Agency and the “Agency Trustee, and such 2003 Bonds Indenture, as supplemented and amended, is referred to in this Resolution as the “Indenture”; and

WHEREAS, the Oversight Board is informed by the Agency that it has determined that any remaining proceeds of the Series 2003 Bonds (the “Prior Proceeds”) which are not intended to be spent by the Agency in a manner consistent with the respective bond covenants for the Series 2003 Bonds and AB 1484, shall be used to defease and/or refund the applicable Series 2003 Bonds and/or to fund a debt service reserve account for the related Refunding Bonds; and

WHEREAS, the Oversight Board, pursuant to California Health and Safety Code Section 34177.5(f), has previously directed the Agency to issue bonds to refund the Series 2003 Bonds of the Former RDA to provide debt service savings to the Agency; and

WHEREAS, an oversight board may only direct such a refunding so long as the successor agency is able to recover its related costs in connection with the transaction; and

WHEREAS, the recovery of such costs in connection with such a refunding transaction shall be supplemental to, and not constrained by, the administrative cost allowance as such allowance is defined in California Health and Safety Code Section 34171(b); and

WHEREAS, the Agency was requested to return to the Oversight Board, once the refunding issue and related documents have been prepared, for approval of the refunding pursuant to California Health and Safety Code Section 34180(b); and

WHEREAS, the Agency has indicated that there are potential debt service savings that can be achieved through a refinancing of the Series 2003 Bonds, and the Oversight Board now wishes to direct the Agency to prepare for the refunding of all or a portion of the Series 2003 Bonds to achieve debt service savings; and

WHEREAS, the Oversight Board is informed by the Agency that it has determined pursuant to Section 6588(v) of the California Government Code to sell the Refunding Bonds to the Authority pursuant to a separate local obligation purchase contract for each series of Authority Bonds (each, a “Local Obligation Purchase Contract”) by and between the Agency and the Authority, and the Agency has found and determined that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs and more efficient delivery of local agency services to residential and commercial development; and

WHEREAS, in connection with the purpose stated above, the Agency and the Authority desire that the Agency and the trustee for the related Series 2003 Bonds, as escrow agent (the “Escrow Agent”), enter into a separate escrow agreement with respect to each of the Series 2003 Bonds (each, an “Escrow Agreement”), pursuant to which the Agency will provide the Escrow Agent with money and/or investment securities sufficient to prepay or redeem, as applicable, and refund all or a portion of the Series 2003 Bonds in accordance with the terms thereof; and

WHEREAS, De La Rosa & Co. and Citigroup Global Markets Inc. (collectively, the “Underwriters”), have submitted to the Authority a proposed form of an agreement to purchase each series of the Authority Bonds (the “Bond Purchase Agreement”) by and between the Underwriters and the Authority, which includes a Letter of Representations (the “Letter of Representations”) to be executed by the Agency; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 requires that, in order to be able to purchase or sell the Authority Bonds, the underwriters thereof must have reasonably determined that the Agency, as an obligated person, has undertaken in a written agreement or contract for the benefit of the holders of the Authority Bonds to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the Agency desires to execute one or more continuing disclosure agreements (each, a “Continuing Disclosure Agreement”) by and among the Agency, the Authority and the Authority Trustee, pursuant to which the Authority and the Agency will provide annual disclosure and notices in the event of certain enumerated events; and

WHEREAS, a form of the Preliminary Official Statement (the “Preliminary Official Statement”) to be distributed in connection with the public offering of the Authority Bonds has been prepared, pertaining primarily to the Authority Bonds but also describing the Refunding

Program, the Refunding Bonds, the Agency, its project area or areas, other successor agencies participating in the Refunding Program, if any, and certain other information deemed material to an informed investment decision respecting the Authority Bonds; and

WHEREAS, the Refunding Bonds, the Third Supplement to Indenture, the Local Obligation Purchase Contract(s), the Escrow Agreement(s), the Bond Purchase Agreement(s), the Letter(s) of Representations, the Continuing Disclosure Agreement(s) and the form of the Preliminary Official Statement are referred to in this Resolution as the “Primary Bond Documents”; and

WHEREAS, the Agency has approved all matters relating to the issuance and sale of the Refunding Bonds; and

WHEREAS, the Oversight Board now desires to approve all matters relating to the issuance and sale of the Refunding Bonds as required by Sections 34177.5(f) and 34180 of the California Health and Safety Code;

NOW THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Approval of Refunding; Use of Prior Proceeds. The Primary Bond Documents, in substantially the form presented at this meeting with such changes therein as the officer of the Agency executing the same may require or approve, are hereby approved, and the issuance of the Refunding Bonds for the purposes set forth herein and subject to the requirements of California Health and Safety Code Section 34177.5(a) is hereby approved. The Agency’s participation in the Refunding Program, the Authority Bonds and the Trust Agreement(s) are approved as described in this Resolution.

The Oversight Board hereby further determines that remaining Prior Proceeds which are not intended to be spent by the Agency in a manner consistent with the respective bond covenants for the Series 2003 Bonds and AB 1484, shall be used to defease and/or refund the applicable Series 2003 Bonds and/or to fund a debt service reserve account for the related Refunding Bonds.

The Agency has filed with the Oversight Board a certified copy of its Resolution No. _____, adopted on September 16, 2013, together with a summary debt service savings analysis, which is hereby approved as demonstrating the potential savings that may result from the refunding of all or a portion of the Series 2003 Bonds.

Section 3. Recovery of Costs. The Oversight Board hereby authorizes and approves the Agency to recover reasonable related costs incurred in connection with this transaction, including the cost of Agency staff time. For the purpose of expending such proceeds, California Health and Safety Code Section 34177.3 and other provisions relating to Recognized Obligation Payment Schedules shall not apply. If the Agency is not able to issue the Refunding Bonds, the

Agency may recover such costs by including such costs in a future Recognized Obligation Payment Schedule. The recovery of such costs shall be in addition to and shall not count against any administrative cost allowance of the Agency as such allowance is defined in California Health and Safety Code Section 34171(b).

The Agency shall be entitled to receive its full allocation of the Administrative Cost Allowance under California Health and Safety Code Section 34183(a)(3) without any deductions with respect to continuing costs related to the Refunding Bonds, Agency Trustee fees and expenses and the Agency's share of the costs of the Authority Bonds, such as Authority Trustee's fees and expenses, auditing, financial advisor and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Compliance Costs"), and such Compliance Costs shall be payable from property tax revenues pursuant to California Health and Safety Code Section 34183.

Section 4. City Manager Acting for Agency. The City Manager or his designee acting for the Agency's Oversight Board is hereby authorized to take whatever actions may be necessary to carry out the purposes of this Resolution pursuant to AB X1 26 and AB 1484.

Section 5. City Clerk Acting for Agency. The City Clerk acting for the Agency's Oversight Board shall certify to the passage of this Resolution and enter it into the book of original resolutions and take any other actions and/or perform any other duties required by law.

Section 6. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

Section 7. Effective Date. Pursuant to California Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the California Department of Finance (the “Department of Finance”) and, therefore, this Resolution shall be effective five (5) business days after notice to the Department of Finance unless the Department of Finance requests a review of the actions taken in this Resolution, in which case this Resolution will be effective upon approval (including as may be deemed approved under the Law) by the Department of Finance.

PASSED AND ADOPTED by the Oversight Board to the Successor Agency to the West Hollywood Community Development Commission this September 18, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Martin Zimmerman, Chair, Oversight Board to the
Successor Agency to the West Hollywood
Community Development Commission

I certify that the foregoing Resolution was passed and adopted by the Oversight Board to the Successor Agency to the West Hollywood Community Development Commission, at a regular meeting held on September 18, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Martin Zimmerman, Chair, Oversight Board to
the Successor Agency to the West Hollywood
Community Development Commission

ATTESTED:

Ivonne Umana, Secretary, Oversight Board to
the Successor Agency to the West Hollywood
Community Development Commission